

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID – ELECTRIC AND GAS : DOCKET NO. 4770
DISTRIBUTION RATE FILING :

ACADIA CENTER’S RESPONSES TO
COMMISSION’S FIRST SET OF DATA REQUESTS
(Issued May 4, 2018)

Allocated Cost of Service/Rate Design

1-1. Please provide evidence to support Mr. LeBel’s position that each of the costs listed on page 23, lines 2-10 of his testimony are not appropriately allocated as customer-related costs.

Response can be found at page 2.

1-2. On page 22, line 20, Mr. LeBel suggests that the customer charge could include the cost of a “simple meter.” How would Mr. LeBel suggest costs related to advanced metering infrastructure or advanced metering functionality be recovered?

Response can be found at page 3.

1-3. Referencing page 38, lines 1 through 7 of Mr. LeBel’s testimony, is the witness suggesting that a similar rate design as the one discuss in this section would collect the \$300k/year discount from all G-02 and G-32 customers, rather than from all distribution customers? In the Eversource case referenced, please confirm that the charging stations were included in an existing class, and not put into a newly-created class.

Response can be found at page 4.

Date of Request: May 4, 2018
Due Date: May 18, 2018

Request No. PUC-1-1 (Acadia)
Prepared by: Mark LeBel

- 1-1. Please provide evidence to support Mr. LeBel's position that each of the costs listed on page 23, lines 2-10 of his testimony are not appropriately allocated as customer-related costs.

Response:

These categories of costs, listed on page 23, lines 2-10 of Mr. LeBel's testimony are joint and common, and cannot be attributed to the addition of one incremental customer. For example, the connection of a new suburban home does not directly increase general plant investment or administrative operating expenses. Billing, simple metering, service drop, and the relevant customer service costs that do increase with the addition of one incremental customer are included in other accounts. This observation is supported by the approach described in the Regulatory Assistance Project's *Smart Rate Design for a Smart Future*: "In the case of customer costs, the inquiry focuses on those costs that vary with the number of customers served. This includes such costs as metering, billing and collection, and customer assistance. These costs are always quite small, typically amounting to no more than \$5 to \$10 a month per residential consumer. The fixed charge for residential or commercial service should not exceed the customer-specific costs attributable to an incremental consumer." At 36, available at: <http://www.raponline.org/wp-content/uploads/2016/05/rap-lazar-gonzalez-smart-rate-design-july2015.pdf>. As further described in *Smart Rate Design for a Smart Future*, some analysts argue that even billing costs are a function of usage, because bill size dictates the frequency of billing. *Id.* However, Acadia Center does not insist on this more restrictive approach.

Date of Request: May 4, 2018
Due Date: May 18, 2018

Request No. PUC-1-2 (Acadia)
Prepared by: Mark LeBel

1-2. On page 22, line 20, Mr. LeBel suggests that the customer charge could include the cost of a “simple meter.” How would Mr. LeBel suggest costs related to advanced metering infrastructure or advanced metering functionality be recovered?

Response:

Many of the benefits of advanced metering functionality (AMF) are related to the energy system and accrue to all ratepayers as a result. The overarching principle of cost allocation, reflected in Acadia Center’s principles for designing customer charges, is that the costs should follow the benefits. This means that a significant portion of AMF expenses should be allocated on an energy or demand basis, and reductions in certain customer-related costs attributable to AMF should be incorporated appropriately as well. This is discussed at length in *Smart Rate Design for a Smart Future*, at pp 56-58, available at <http://www.raponline.org/wp-content/uploads/2016/05/rap-lazar-gonzalez-smart-rate-design-july2015.pdf>.

Date of Request: May 4, 2018
Due Date: May 18, 2018

Request No. PUC-1-3 (Acadia)
Prepared by: Mark LeBel

- 1-3. Referencing page 38, lines 1 through 7 of Mr. LeBel's testimony, is the witness suggesting that a similar rate design as the one discuss in this section would collect the \$300k/year discount from all G-02 and G-32 customers, rather than from all distribution customers? In the Eversource case referenced, please confirm that the charging stations were included in an existing class, and not put into a newly-created class.

Response:

At page 38, lines 1 through 7, of Mr. LeBel's testimony in Docket No. 4780, the witness is not suggesting that this rate design should recover \$300k/year. This concept should be viewed as an alternative rate design for DC fast charging, and not a "demand charge discount". In the Eversource case in Connecticut referenced in Mr. LeBel's testimony, the charging station account would be placed in the correct existing rate class, and the rider applied a different rate design within the existing rate class. *See* CT Dkt. No. 13-12-11, *Request of CL&P for Approval of Electric Vehicle Rate Rider Pilot*, Decision, June 6, 2014, available at:

[http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/4e63e6b1eb975e9285257ced006b986a/\\$FILE/FINAL131211.docx](http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/4e63e6b1eb975e9285257ced006b986a/$FILE/FINAL131211.docx)